

## Seasonal Price Variations in

# TEXAS LAMBS AND WOOL



# SEASONAL PRICE VARIATIONS IN TEXAS LAMBS AND WOOL

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**T**EXAS LEADS THE NATION IN SHEEP, lamb and wool production. The sheep industry produces a joint product of meat and wool, each with a different use, price and distribution.

Generally, lambs marketed for reasons other than breeding fall into two general categories—slaughter lambs and feeder or stocker lambs. Lambs are marketed as feeders and stockers for further feeding and later slaughter, or as spring lambs for immediate slaughter.

The sheep breeding cycle causes a definite seasonal pattern of sheep and lamb marketings. This, plus changing consumer demands for lambs throughout the year, results in considerable price variation.

Seasonal price changes in wool are tied to the different shearing periods and the seasons when marketings are heaviest.

Sheepmen can use the normal seasonal patterns as the best estimates for price level changes in future years. Changes in demands, weather, range conditions or production costs can cause variations from normal patterns. The seasonal price charts for lambs shown here represent the 5-year average price at the Fort Worth Stockyards. Wool prices cover the same years but are based on the Boston Wool Market. Accompanying tables indicate which months had the highest and lowest average prices in each of the 5 years.

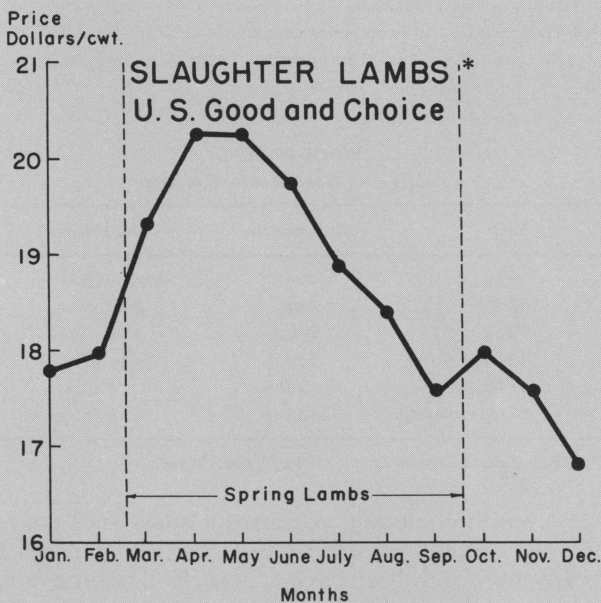
## **Slaughter Lambs**

Slaughter lambs usually range from 3 to 15 months in age, depending on if they are sold as “spring lambs,” grain-fed lambs or pasture-grazed lambs. Lambs not sold as spring lambs are often referred to as “old crop” by the meat industry. Fed slaughter lambs are usually those that have been fattened on a grain ration, rather than on

grass or roughage alone. Often, however, fat slaughter lambs are produced successfully on small grain pastures.

The principal states for spring slaughter lamb production are Texas, California, Missouri, Kentucky, Iowa and Ohio. States foremost in fattening lambs are Iowa, Nebraska, Kansas, Ohio, Illinois, South Dakota and Minnesota.

Traditionally, the highest demands by retailers are for spring lambs marketed early in the spring months. Many old crop lambs or fed lambs, however, are also marketed during the late winter and early spring period. As a result, both old crop and spring lambs sometimes overlap in their movement to market at this time.



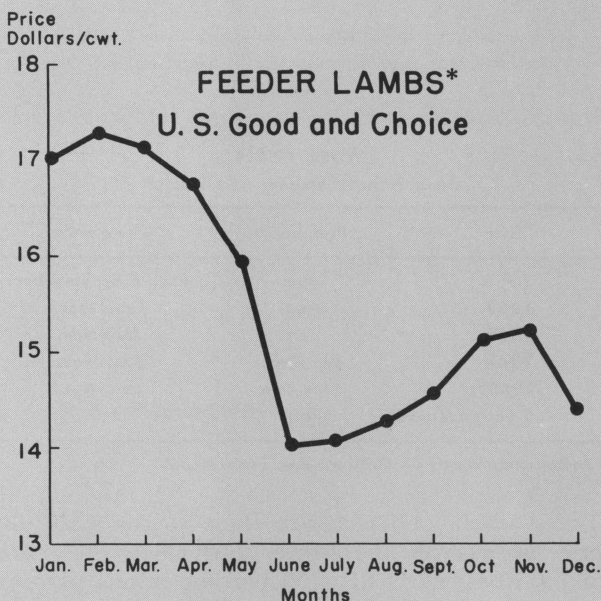
**SLAUGHTER LAMB PRICES\***  
**U. S. Good and Choice**

Year	Highest months	Lowest months
1958	Mar.	Dec.
1959	May	Dec.
1960	Apr.	Dec.
1961	May	Aug.
1962	June	Feb.
5-year average	Apr.	Dec.

\*Fort Worth Monthly Average.

Highest price levels for Good and Choice slaughter lambs occur in April and May when supplies are smaller and longer fleece adds value. Old crop lambs usually improve in price from the beginning of the year into the spring months. Once spring lambs are in sufficient quantity on the market, old crop lamb prices no longer improve, but usually decrease.

Spring lambs start reaching the market in March but are not in sufficient quantity until later. The price then declines when spring lambs are marketed in larger numbers. A seasonal decrease in the general lamb price level is common from the high spring price into the fall and winter. This, of course, represents spring lambs at the high, and



**FEEDER LAMB PRICES\***  
**U. S. Good and Choice**

Year	High months	Low months
1958	Jan.	Dec.
1959	May	Dec.
1960	Apr.	July
1961	Feb.	July
1962	Apr.	June
5-year average	Feb.	June

\*Fort Worth Monthly Average.

heavy marketings of two way lambs during the low months. In Texas, lowest prices for slaughter lambs are most often received during the early winter months.

## **Feeder Lambs**

Heaviest movement of feeder and stocker lambs to market is in the late summer months. Texas shipments of these lambs usually occur during the summer. The demand for stocker lambs to place on pastures and ranges is greatest in spring, while feeder demand is strongest in fall and winter. Prices, therefore, in Texas are at their lowest levels usually in June or July when the demand for both types is down but volume is largest. As marketings decrease in the fall and winter, the price normally shows some improvements.

Two-way lambs are common during certain seasons. These are lambs with sufficient finish for immediate slaughter or which can go on for further feeding. This decision is the purchaser's. Such lambs are extremely common during the late spring, summer and fall.

We must remember that each type or class of sheep and lambs interacts with other classes in the final establishment of market prices. Lamb prices also are affected by the price levels for other competitive meat animals.

## **Wool Prices**

Since the U. S. consumption of imported wool is high, the domestic wool price is influenced greatly by world supply and demand. Supplies of man-made fibers also influence wool prices.

The National Wool Act of 1954 was enacted to encourage domestic wool production. It authorizes the government to pay producers the difference between the national average price for wool and the incentive level. The payment rate is applied on a percentage basis to the total dollars received by each wool grower. A producer, therefore, who sells his wool for a higher price, receives a larger payment.

Beginning in 1954, the marketing year for the National Wool Act was from April 1 of one year to March 31 of the next year. In 1962, the Act was amended, changing the dates of the marketing

year to a calendar year basis. Since 1963 was the transition year, the marketing year consisted of only 9 rather than 12 months, or from March 31, 1963 to December 31, 1963. Beginning January 1, 1964, the marketing year and calendar year coincide.

Since initiation of the program, the incentive level has been established at 62 cents per pound. Through the Act, Texas wool producers have received annual incentive payments ranging from just over \$1.9 million to \$14.5 million each year.

**TEXAS**  
**Wool Incentive Payments**

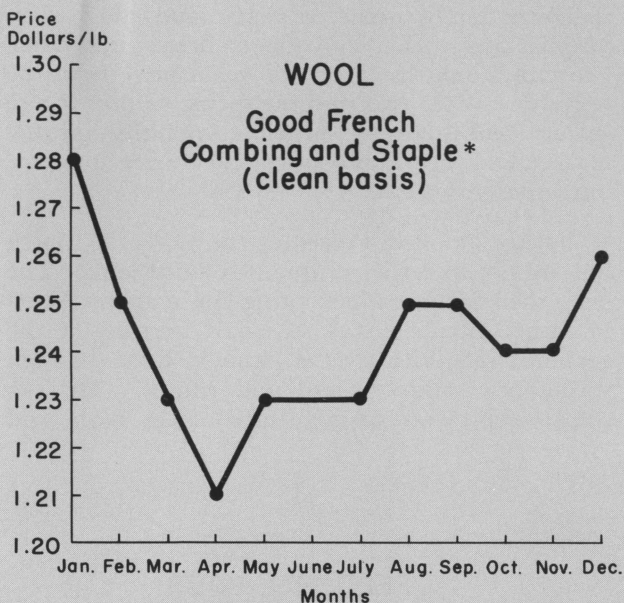
Year	Production	Amount of grease wool on which payment made	Total incentive payment	Incentive payment rate
	1,000 pounds	Pounds	Dollars	Percent
1955	47,285	49,570,665	9,618,086.88	44.9
1956	45,428	44,765,483	8,156,682.19	40.0
1957	41,830	22,249,152	1,958,787.46	15.5
1958	40,483	52,743,416	14,519,934.52	70.3
1959	48,231	45,664,301	8,814,973.82	43.2
1960	51,980	53,610,742	10,743,123.82	47.6
1961	52,225	50,299,337	10,094,527.54	44.5
1962	49,752	46,497,819	6,755,433.94	30.0

Texas wool prices are somewhat dependent on wool marketing dates. In some areas of the State, sheep are still shorn both in the spring and in the late summer or fall months. Today, most Texas ranchmen shear only once a year. Wool usually moves into local warehouses immediately after shearing, with the heaviest movements in April and May. Here, bags of wool are weighed, marked and stored until they are sold.

Prices for Texas original bags of wool are normally lowest in the February, March and April period, immediately after spring shearing. Prices tend to rise somewhat after this period into the fall and winter months.

Since wool growers are usually far from adequate wool price reporting markets, they must rely upon sealed bids or private treaty sales at local warehouses. The Boston quotations used in this report are for graded wools on a clean basis in Boston warehouses obtained from original bag





**WOOL PRICES**  
Good French Combing and Staple\*

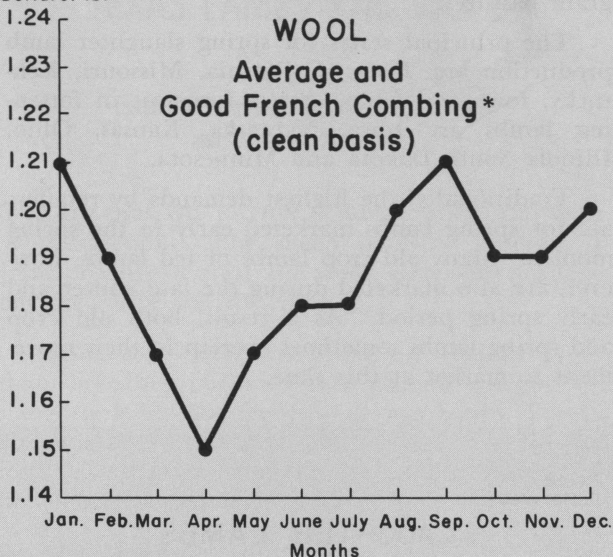
Year	High months	Low months
1958	Jan.	Apr., May; July-Dec.
1959	Aug.	Feb., Mar.
1960	Jan.	July-Nov.
1961	Sep.-Dec.	Jan.-Mar.
1962	June-Dec.	Jan.-Apr.
5-year average	Jan.	Apr.

\*Boston-clean basis — Original Bag Texas Wool.

Texas wool. To compare these prices with the price he receives, the grower must know the grade of his wool, its yield (100 percent minus percent shrinkage), and the marketing costs involved in moving such wool to Boston. For example, it costs \$2.39/cwt to ship wool by truck from San Angelo to Boston.

In the past 2 years, prices of Good French Combing and Staple wool have varied little throughout the year. The spread from the high to the low months was 20 cents in 1960, 10 cents in 1961 and only 4 cents during 1962. There is a similar reduction in price spread between high and low months for Average and Good French Combing wool.

Price  
Dollars/lb.



**WOOL PRICES**  
Average and Good French Combing\*

Year	High months	Low months
1958	Jan.	Apr., Aug.-Dec.
1959	Aug.	Feb., Mar.
1960	Jan.	July, Aug.
1961	Sep.	Jan.-Mar.
1962	Aug.-Dec.	May
5-year average	Jan., Sep.	Apr.

\*Boston-clean basis — Original Bag Texas Wool.

A specific seasonal pattern for such wool prices is very difficult to determine. During the last 5 years, however, both Good French Combing and Staple wool and Average and Good French Combing wool showed lowest prices most frequently in the February-March period.